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ABSTRACT

Contracting in public education is not a new development. This book examines projects that transfer the management of entire schools or school systems to private firms. Chapter 1, by Rima Shore, is a comprehensive survey of the practice of contracting out in public education. It provides a broad historical background for the U.S. education system as a whole. Chapter 2, by Craig Richards, conducts a close financial analysis of the current industry leader in the field of educational contracting, Education Alternatives, Inc., and presents an indepth budgetary analysis of EAI's arrangement with the city of Baltimore, Maryland. In the third chapter, Max Sawicky considers how economic theory and practical experience inform the concept of contracting out the management of public schools. The final chapter, by all three authors, focuses on the policy implications of the previous chapters' findings and offers recommendations on ways to approach contracting. Findings indicate that, to date, schools and businesses have little experience in privatization. There is a lack of genuine competition in the market for education-management services, low priority for information gathering or evaluation, and insufficient evidence to support privatization's claims of superior instructional practices. EAI has failed to establish a reputation for corporate responsibility, to take effective control of the schools under its purview, to produce improvement in educational outcomes (despite the advantage of additional resources), or to demonstrate that it can make money managing public schools. To date the bulk of the company's cash flow has been derived from stock offerings and financial speculation. Twenty-two tables and 8 figures are included. Appendices provide information on the informal structure of EAI and statistical tables. Endnotes and an index are included. (Contains 187 references.) (LMI)